

立法會
Legislative Council

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(These minutes have been
seen by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of special meeting
held on Tuesday, 18 October 2005, at 4:35 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon SIN Chung-kai, JP (Chairman)
Hon Albert Jinghan CHENG (Deputy Chairman)
Hon Fred LI Wah-ming, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Ronny TONG Ka-wah, SC
- Member absent** : Dr Hon LUI Ming-wah, SBS, JP
- Public officers attending** : Agenda Item I

Mr John C TSANG, JP
Secretary for Commerce, Industry and Technology

Mrs Marion LAI, JP
Acting Permanent Secretary for Commerce, Industry
and Technology (Communications and Technology)

Mrs Betty FUNG, JP
Deputy Government Chief Information Officer
(Planning & Strategy)
- Clerk in attendance** : Miss Polly YEUNG
Chief Council Secretary (1)3

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Ms Debbie YAU
Senior Council Secretary (1)1

Ms Sharon CHAN
Legislative Assistant (1)6

Action

I. Briefing by Secretary for Commerce, Industry and Technology on relevant policy initiatives in the Chief Executive's Policy Address 2005/2006

(LC Paper No CB(1)47/05-06(01) -- Policy Initiatives of Communications and Technology Branch, Commerce, Industry and Technology Bureau

LC Paper No CB(1)82/05-06(01) -- Speaking note of Secretary for Commerce, Industry and Technology)
(*tabled and subsequently issued on 19 October 2005*)

Other relevant documents

Two booklets provided by the Administration

- (a) Address by the Chief Executive at the Legislative Council meeting on 12 October 2005 -- "Strong Governance for the People"; and
- (b) The 2005-06 Policy Address -- "Policy Agenda".

Introduction by the Administration

At the invitation of the Chairman, the Secretary for Commerce, Industry and Technology (SCIT) introduced the initiatives concerning the Communications and Technology Branch (CTB) of the Commerce, Industry and Technology Bureau (CITB) in the 2005-2006 Policy Agenda. They included new and on-going initiatives with regard to telecommunications and broadcasting services, supporting the film and digital entertainment industries and promoting the use of information technology and e-government services.

New initiative - outsourcing the Government Central Computer Centre

2. Noting that the Administration would outsource the Government Central Computer Centre with a view to enhancing operational efficiency and fostering the development of the local information technology (IT) industry, Mr Howard YOUNG enquired whether the project would include both the operation of the

Centre and computer system programming. Drawing on the experience in the private sector, Mr YOUNG commented that outsourcing might not necessarily achieve the objective of fostering the development of the local IT industry as companies might choose to relocate their IT operations across the border. In this regard, The Deputy Chairman said that he would raise objection if the delivery of IT support services of the outsourcing project of the Government Central Computer Centre would be transferred across the border. Both the Deputy Chairman and Mr YOUNG were very concerned about the implication of the project on savings in recurrent operating costs and staffing.

3. In response, the Deputy Government Chief Information Officer (Planning & Strategy) (DGCIO(P&S)) advised that the outsourcing project of the Government Central Computer Centre, which involved seven government departments and ten information systems, was expected to be completed in 2006. She confirmed that the service contractor would be required to provide data centre services in Hong Kong.

4. DGCIO(P&S) further advised that there were currently about 32 staff managing the operation of the Centre. In 2004-05, the operating cost, which included staff salaries, was in the region of \$35.1 million. While the tendering process was not yet completed and hence the cost of outsourcing was not yet known, it was expected that savings in recurrent operating costs could be achieved. On staffing implication, DGCIO(P&S) explained that the successful service contractor would be asked to consider employing serving staff of the Computer Operator grade servicing the Centre, which would help maintain continuity of services upon outsourcing. In the event that the service contractor could not employ all the staff concerned, the Office of the Government Chief Information Officer would make the necessary arrangements to re-train and re-deploy the surplus staff to other posts within the Government. DGCIO(P&S) assured members that the exercise would not result in any staff redundancy and compulsory lay-off.

5. The Deputy Chairman was worried that outsourcing various Government computer centres might lead to the leakage of security data. To achieve the purpose of improving the operational efficiency and effectiveness in hosting the services, he considered that the management of different computer centres should be centralized instead of being contracted out to different service providers.

6. In response, DGCIO(P&S) remarked that outsourcing of data centre operation was a global trend and being practised by many overseas governments without causing serious concerns. Indeed, outsourcing data centre operations would help create more business opportunities for the local IT industry. The outcome of this first data centre outsourcing exercise would provide a reference for other departments in formulating their data centre outsourcing strategy. DGCIO(P&S) further advised that the successful service contractor would have to comply with the stringent requirements concerning data security.

On-going initiative – digital broadcasting

Public access channels

7. Referring to the recent incident in which the organizer of the Citizens' Radio had initiated trials on radio broadcast on its own accord, Mr Ronny TONG was very concerned about the Government's position on the provision of public access channels. He highlighted that freedom of expression and speech was one of the cornerstones for Hong Kong's success. However, he noticed that the room of such freedom had gradually diminished since Hong Kong's handover. Given that more spectrum capacity would be available upon Hong Kong's migration to digital broadcasting, Mr TONG strongly urged that the Government should make available broadcasting channels for use by the community, as in the case of other advanced economies where a diversity of community channels were in place.

8. In response, SCIT confirmed that the Administration had received an application for sound broadcasting licence from the Citizens' Radio. The Television and Entertainment Licensing Authority was considering the application in accordance with established procedures and would announce the outcome once a decision was made. Regarding the unauthorized radio broadcast by the Citizens' Radio, SCIT understood that the Office of Telecommunications Authority (OFTA) was investigating into the case and would take action as appropriate, including prosecution if an offence was substantiated. In reply to Mr Ronny TONG's further enquiry on the general conditions for a sound broadcasting licence, the Acting Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) (Atg PSCIT(CT)) advised that they included, inter alia, the implementation of plans on capital investment and programme development as approved by the Broadcasting Authority (BA), the broadcasting of free-to-air radio services no less than a stipulated minimum amount of programmes of various types etc. She would provide more detailed information on the relevant licence conditions for members' reference after the meeting. Atg PSCIT(CT) stressed that these conditions could help safeguard public interest and ensure that the licensee would operate the radio station in a responsible manner.

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9. On the question of community or public access channels, Atg PSCIT(CT) remarked that at present, Hong Kong had a vibrant broadcasting sector which provided a wide range of services catering to the needs of a wide spectrum of audiences. It remained the Administration's policy stance that for the time being, there was no need to provide for public access or community channels as suggested by members. She explained that new media such as the Internet or mobile phones were serving as effective platforms for the expression and receipt of information and niche multi-media services catering for special interest groups. The presence of public access channels might be justified for economies with a vast geographical area and a multi-ethnic population. However, unlike other territories where public access channels were found, Hong Kong was geographically small and compact with a relatively homogeneous population and

cultural background. As such, the communication needs of various sectors of the community could by and large be met by the variety of services currently provided by the broadcasting sector. On the use of frequency spectrum which was a scarce public asset, Atg PSCIT(CT) informed members that the Administration had initiated a spectrum policy review on the allocation and assignment of radio spectrum for broadcasting, telecommunications and related services. It would commission a consultancy study to review the management and usage of currently available spectrum and to advise on ways to enhance the efficient use of frequency spectrum in future.

10. Mr Ronny TONG did not subscribe to the Administration's explanation. He stressed that in the circumstances of Hong Kong, there was a strong case for the Government to provide a public platform for members of the public to air and exchange views on livelihood and political issues. Noting from the discussion at previous meetings that Radio Television Hong Kong (RTHK) had not fully utilized the output capacity of its assigned channels, Mr TONG requested the Administration to consider releasing RTHK's surplus radio channels for use by the public.

11. Echoing his view, the Deputy Chairman recapped his earlier view that although RTHK was currently operating seven radio channels round-the-clock, it produced only about 120 hours of radio programmes each day, which was about the capacity output of five channels. He urged the Administration to critically re-examine the possibility of allocating a public access channel so that the general public, as well as former hosts of personal view programmes, could have more platforms to express their views.

12. In this connection, Ms Emily LAU pointed out that although more platforms were currently available due to technological advancement, the airtime on many radio programmes were in fact taken up by government officials or members of the Executive Council. She was gravely concerned that the views and aspirations of the public at large and alternative views were no longer carried through the airwaves.

13. The Chairman shared members' views. To make more efficient use of the available spectrum, he suggested that the Administration should consider drawing on overseas experience and allocating the use of the same bandwidth to different parties for different time-slots during a day. To facilitate members' consideration, the Chairman requested the Administration to provide information on the frequencies allocated for various broadcasting/telecommunications usages, as well as the frequencies which could be released for other use.

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Digital Audio broadcasting

14. Referring to his recent meeting with representatives from the World DAB Forum on the global trend of the development of digital audio (DA) broadcasting, the Deputy Chairman considered that the implementation of DA broadcasting in Hong Kong should be taken forward expeditiously.

15. In response, SCIT re-affirmed the Administration's policy stance that the launch of DA broadcasting should be market-led. He recapped that notwithstanding the implementation of DA broadcasting in the United Kingdom (UK) for over ten years, its penetration rate remained as low as 5% because digital receivers were still very expensive, costing about US\$100 each. Moreover, DA broadcasting had not been widely taken forward in many other jurisdictions. SCIT considered that as different technologies converged, the general public could obtain access to information from different sources through various means, e.g. mobile phones could now be used to receive radio broadcasts.

16. The Deputy Chairman however pointed out that according to the information he had obtained, digital receivers had become much more affordable to consumers. He said that according to the World DAB Forum, certain radio receivers which could receive both analogue and digital signals were available at HK\$400. He believed that the price could be further lowered if there was bulk production to tie in with the launch of DA broadcasting in Hong Kong. Separately, the Deputy Chairman considered that the UK was not a good example to illustrate the demand for DA broadcasting. He said that firstly, UK was less advanced than Hong Kong in terms of exploitation of technology and proliferation of hi-tech devices. Secondly, there were far more radio channels in UK than in Hong Kong.

17. In this connection, the Deputy Chairman informed members that he had written to the Secretariat proposing to hold a special Panel meeting to discuss the development of DA broadcasts in Hong Kong. Subject to the Panel's views, the Deputy Chairman said that he would have no objection to scheduling the special meeting in, say, January 2006, given that top government officials would be fully occupied in the next two months with preparatory work for hosting the Sixth Ministerial Conference of the World Trade Organization and members would be heavily engaged in scrutinizing the Administration's proposal on constitutional development after 2007.

18. Ms Emily LAU also urged for the early implementation of digital broadcasting so that more radio frequency spectrum could be released, thereby removing the technical impediment for the setting up of public access channels. She considered that although mobile phones might be used to receive radio broadcasts, it did not follow that the provision of public access channels should no longer be pursued. Noting that RTHK had been conducting technical trials on DA broadcasting in the LegCo Building, Ms LAU asked about the way forward.

19. In response, Atg PSCIT(CT) advised that RTHK was still in the process of conducting technical trials on DA broadcasting with a view to collecting more data on the transmission of digital signals in a densely populated environment like Hong Kong. The data and testing result would serve as a good reference for DA broadcasting in future. On the market environment, Atg PSCIT(CT) said that the two commercial sound broadcasters did not consider it commercially

viable to switch from analogue broadcasting to DA broadcasting at this stage. The Administration maintained its view that the implementation of DA broadcasting in Hong Kong should be market-led and there was no pre-determined timetable for its implementation.

20. The Chairman held a different view on the market-led approach. He considered that if the Administration had the genuine intention to adopt a market-led approach, it should be more proactive in facilitating potential investors to launch DA broadcasting. For example, he suggested that the Administration should specify the frequency bandwidth to be allocated for DA broadcasting, make known the kind of assistance it might offer in connection with technical testing and trial broadcasts and invite expression of interest to launch DA broadcasting.

21. The Deputy Chairman shared the Chairman's view and urged that the Administration should provide support, such as making available the transmitters, for technical trials. He believed that if the implementation of DA broadcasting was open to other potential investors, it could enhance the participation of the existing commercial broadcasters.

22. In response, SCIT pointed out that the Government had made available L-Band frequencies for DA broadcasting service in Hong Kong and had proposed that parties interested in launching digital radio services could approach the Telecommunications Authority (TA) for technical trial. SCIT recapped the Administration's policy stance that there should be no regulatory obstacles to the deployment of new technologies and entrepreneurial ventures to launch innovative services, including DA broadcasting.

On-going initiatives – merging the BA and the TA

23. Ms Emily LAU noted that the Administration planned to consult the public on the proposal to merge the BA and the TA into a unified regulator for the electronic communications sector before the end of 2005. She referred to her participation in a seminar on the subject in August, in which she had stressed that the proposed merger should in no way compromise the principles of editorial independence and freedom of speech and expression. She was pleased to note that overseas experts invited to take part in the seminar to share their experiences and views on the regulatory regime in a convergent environment had acknowledged her viewpoint. Ms LAU was concerned whether the Administration would highlight in the forthcoming consultation paper that one of the guiding principles for the proposed merger was the need to safeguard editorial independence and freedom of speech and expression.

24. In response, SCIT remarked that the convergence of telecommunications, broadcasting and the Internet and rapid changes in technological development and business models had presented a case for a unified regulatory body. He stressed that it was a long-standing policy of the Administration to safeguard freedom of speech and expression, which was one of the core values of Hong

Kong.

On-going initiative – support to the film industry

25. Mr Timothy FOK welcomed the Administration's measures in relaxing the eligibility criteria for the Film Guarantee Fund (FGF) scheme. Noting that the Government had announced the establishment of the new Film Development Committee (FDC), Mr FOK was concerned about the role and operation of the FDC and the level of resources allocated to it.

26. Mr Jasper TSANG questioned the rationale for replacing the existing Film Services Advisory Committee (FSAC) by FDC, and enquired about the differences between the two committees apart from the change of an official chairman to an unofficial one.

27. In response, SCIT acknowledged that unlike FSAC of which he was the chairman, the FDC would be chaired by an unofficial chairman and composed mainly of active and prominent members of the film industry. It was believed that their solid experience and professional expertise would command the trust and respect of the industry as well as provide quality input to the deliberation of the Committee. The FDC was tasked to advise the Government on all matters relating to the development of the film industry in Hong Kong, including the protection of intellectual property rights of Hong Kong films, the enhancement of their post-production and overall qualities and the promotion of Hong Kong films in the Mainland and overseas markets. The priority task of the FDC would be to review critically the Hong Kong film industry, identify opportunities, and formulate a clear plan for the medium and longer term development of the film industry.

28. On resources allocation, SCIT said that the FDC could apply for resources from the Film Development Fund, which had been revived with a capital injection of \$20 million re-deployed from FGF. In reply to Mr Jasper TSANG's further enquiry, SCIT assured members that where justified, his Bureau would bid for additional resources to support worthwhile programmes recommended by the FDC over the medium and longer term.

Corporatization of RTHK

29. Ms Emily LAU was disappointed that the Administration's paper on policy initiatives (CB(1)47/05-06(01)) had not included the development of RTHK. She referred to the comments of the Director of Broadcasting expressed at previous Panel meetings and pointed out that issues relating to corporatization of RTHK were worth-revisiting. Ms LAU expressed support in principle for the corporatization of RTHK as it might serve as a more effective safeguard for RTHK's editorial independence. She said that as she understood, the corporatization plan might not require substantial additional funding. Noting that RTHK would conduct a public forum on 29 October 2005, Ms LAU urged SCIT to adopt an open attitude towards the issue of corporatization and

re-consider the matter if public views so urged.

30. In response, SCIT reiterated the Administration's policy stance that for the time being, it did not have any plans to corporatize RTHK which would remain a government department serving as a public service broadcaster. Nevertheless, SCIT said that the Administration would be prepared to listen to and consider views on RTHK's performance and development expressed during the public forum.

II. Any other business

31. There being no other business, the meeting ended at 5:35pm.

Council Business Division 1
Legislative Council Secretariat
11 November 2005